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outside the Department of Defense unless the Chief, Security, or delegate certifies in writing that there is reason to believe that the records are relevant to a legitimate law enforcement inquiry within the jurisdiction of the receiving agency or department. Such certificates shall be maintained in the appropriate NSA/CSS security file with copies of the released records.

(d) Unless alternate procedures are involved as referenced in paragraph (b) of this section, when financial records have been transferred to another agency, a security representative shall, within 14 days, personally serve or mail to the individual whose records have been transferred, at his or her last known address, a copy of the certificate required by paragraph (c) of this section, and the following notice: "Copies of or information contained in your financial records lawfully in possession of the NSA/CSS have been furnished to (name of agency) pursuant to the Right to Financial Privacy Act of 1978 for the following purpose(s): (state reason). If you believe that this transfer has not been made to further a legitimate law enforcement inquiry, you may have legal rights under the Financial Privacy Act of 1978 or the Privacy Act of 1974."

(e) In cases where another federal agency authorized to conduct foreign intelligence or foreign counterintelligence activities requests a financial record held by the NSA/CSS, and makes such a request for the purpose of conducting that Agency's protective functions, the NSA/CSS may release the information without notifying the individual to whom the financial record pertains.

[46 FR 880, Jan. 5, 1981. Redesignated and amended at 56 FR 64482, Dec. 10, 1991]

#### § 271.4 Reports.

Security shall compile an annual report setting forth the data required in the Right to Financial Privacy Act of 1978. The report shall be submitted to the Defense Privacy Board, Office of the Deputy Assistant Secretary of Defense (Administration), by 15 February annually, and shall be assigned the Report Control Symbol DD-COMP(A) of 1538.

#### 32 CFR Ch. I (7-1-02 Edition)

### PART 272—ADMINISTRATION AND SUPPORT OF BASIC RESEARCH BY THE DoD

#### Sec.

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AUTHORITY: Secs. 2202, 2301-2314, 70A Stat. 127-133; secs. 1-3, 72 Stat. 1793; 5 U.S.C. 301; 10 U.S.C. 2202, 2301-2314, 42 U.S.C. 1891-1893; E.O. 10521 (19 FR 1499, as amended by sec. 6(b), E.O. 10807, 24 FR 1899).

SOURCE: 26 FR 11831, Dec. 9, 1961, unless otherwise noted.

#### § 272.1 Purpose.

This part states the policy of the Department of Defense on the administration and support of basic research.

#### § 272.2 Definition of basic research.

Basic research is that type of research which is directed toward increase of knowledge in science. It is research where the primary aim of the investigator is a fuller understanding of the subject under study.

#### § 272.3 Background.

(a) E.O. 10521, as amended, "Administration of Scientific Research by Agencies of the Federal Government," (19 FR 1499) provides broad guidelines for administration of basic scientific research by Federal agencies. These guidelines state that while the National Science Foundation shall be increasingly responsible for providing Federal support for general purpose basic research, the conduct and support by other Federal agencies of basic research in areas which are closely related to their missions is recognized as important and desirable and shall continue.

(b) The Director of Defense Research and Engineering is responsible to the Secretary of Defense for the review and direction of the basic research program of the military departments and other agencies of the Department of Defense authorized to conduct or support basic research, and shall ensure that this program is executed according to the provisions of E.O. 10521. This review

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will be of maximum effectiveness if all elements of the Department adhere to the same fundamental principles in their conduct and support of basic research.

### § 272.4 Principles.

(a) Basic research is essential to the development of military power.

(b) Continuity is essential to successful basic research. Therefore, long-term planning and funding of basic research will be employed to the maximum possible extent.

(c) Basic research may be conducted by competent scientists in universities and non-profit institutions, industry, military laboratories, or elsewhere.

(d) Sustained support of basic research will result in increased effectiveness and economies in military programs.

(e) Free and effective communication among scientists is important to basic research.

### § 272.5 Policy.

(a) It is the policy of the Department of Defense:

(1) To conduct and support a broad and continuing basic research program to provide fundamental knowledge, with emphasis on that related to the needs of the Department of Defense; and

(2) To assure full utilization of our scientific resources and to extend those resources in those areas of science relevant to the mission of the Department of Defense; and

(3) To maintain, through such a program, effective communication among the scientists of the Department of Defense and the scientists of the universities and industry; and

(4) To coordinate this program of basic research with the National Science Foundation; and

(5) To encourage the support of basic research by other government and private agencies.

### § 272.6 Implementation.

(a) It is the responsibility of the Director of Defense Research and Engineering to produce, on a continuing basis, a sound basic research program through the coordination and integration of the elements of the program

among the military departments and other agencies of the Department of Defense authorized to conduct or support basic research.

(b) The Department of Defense provides support of basic research by:

(1) *Support of in-house laboratories.* Basic research in laboratories of the Department of Defense or in laboratories of other government agencies, best qualified for such work in particular areas, should be encouraged.

(2) *Grants to and contracts with educational and nonprofit institutions.* In situations appropriate for grants under the provisions of part 273, of this chapter the grant instrument is the preferred method of supporting basic research by educational and other nonprofit institutions.

(3) *Contract with industry.* Contracts specifically for basic research may be made with industrial contractors (including small businesses) which have a recognized special competence in a given area. In the administration of the provisions of part 15 of this chapter, which relate to the allowability of a contractor's independent research costs under certain Department of Defense contracts, favorable consideration should be given to independent basic research.

(c) The military departments and other agencies of the Department of Defense authorized to conduct or support basic research will provide the Director of Defense Research and Engineering with such information as he may require in order to carry out his responsibilities under this part, including annual reports through established administrative and fiscal channels of the following, by contract or grant and dollar value:

(1) Basic research performed in government laboratories.

(2) Basic research grants to educational and nonprofit institutions.

(3) Basic research contracts to educational and nonprofit institutions.

(4) Basic research contracts to industrial contractors, including small business.

(5) Independent basic research recognized as an allowable cost in an advance agreement under the provisions of part 15 of this chapter. Such costs